

FROM THE BOOKSHELF #132
FRANK H. FEINBERG

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MONEY: WHENCE IT CAME, WHERE IT WENT BY JOHN KENNETH
GALBRAITH

ANNCR: THE VOICE OF AMERICA BRINGS YOU ANOTHER IN THE WEEKLY SERIES, FROM THE BOOKSHELF -- A SERIES IN WHICH WE REPORT ON BOOKS AMERICANS ARE READING. TODAY'S BOOK IS MONEY, WHENCE IT CAME, WHERE IT WENT BY JOHN KENNETH GALBRAITH, PUBLISHED BY HOUGHTON MIFFLIN. HERE NOW IS BOOK EDITOR -----.

EDITOR: BOTH HIS ADMIRERS AND CRITICS AGREE THAT JOHN KENNETH GALBRAITH IS MORE THAN JUST ANOTHER DISTINGUISHED ECONOMIST. HE IS AN UNASHAMED BIG THINKER, HAS BEEN A PRESIDENTIAL ADVISER, U.S. AMBASSADOR TO INDIA, AND A LEADER OF THE LIBERAL AMERICANS FOR DEMOCRATIC ACTION ORGANIZATION. HE SPEAKS AND WRITES WITH CLARITY AND VIT. HIS LATEST WORK, MONEY, WHENCE IT CAME, WHERE IT WENT, IS WRITTEN FOR THE LAYPERSON RATHER THAN THE EXPERTS. AND IT IS BOTH EDUCATIONAL AND ENTERTAINING TO READ.

PROFESSOR GALBRAITH, WHO RECENTLY RETIRED FROM HARVARD UNIVERSITY, DEALS BOTH WITH MONEY'S HISTORICAL EVOLUTION, AND ECONOMIST GALBRAITH'S ANALYSIS OF PRESENT ECONOMIC ILLS. STARTING WITH THE FIRST COINAGE OF PRECIOUS METALS BY THE KINGS OF LYDIA IN THE EIGHTH CENTURY, MISTER GALBRAITH LEADS THE READER DEFTLY THROUGH THE INFLOW OF

EDITOR: GOLD FROM THE NEW WORLD INTO EUROPE, AND THE FOUNDING
(CONT'D) OF THE BANK OF ENGLAND -- THE FIRST CENTRAL BANK.
AS AUTHOR GALBRAITH SAYS:

VOICE: "FROM 1720 TO 1780, THE BANK OF ENGLAND GRADUALLY
EMERGED AS THE GUARDIAN OF THE MONEY SUPPLY, AS WELL
AS OF THE FINANCIAL CONCERNS OF THE GOVERNMENT OF
ENGLAND."

EDITOR: MISTER GALBRAITH INCIDENTIALLY RESERVES SOME OF HIS
CHOICEST TERMS OF SCORN FOR CENTRAL BANKERS, DESCRIBING
THEM AS A WELL-TAILORED AND DISCREET BREED OF MEDIOCRE
TALENT. HE CHARGES THAT WHEN CENTRAL BANKERS ARE WRONG
IN SUCH CRUCIAL MATTERS AS RESTRAINING INFLATION, IT
IS THE PUBLIC WHO SUFFERS THE CONSEQUENCES OF RECESSION
AND UNEMPLOYMENT. ECONOMIST GALBRAITH SAYS:

VOICE: "PRICES RISE WITHOUT LIMIT. IN THE END, MONEY BUYS
NOTHING. THE CLASSIC CONSEQUENCES OF INFLATION ARE
LARGE DEBTS PAID OFF WITH A FEW PENNIES,. . . . THE
UNDESERVING SPECULATOR SUDDENLY IS RICH."

EDITOR: MISTER GALBRAITH CONTENDS THAT, IN VIEW OF ITS CONSISTENTLY
BAD RECORD, GOVERNMENT MONETARY POLICY SHOULD BE
ABANDONED AS AN INSTRUMENT OF ECONOMIC STABILIZATION.
BUT IS THIS DISMISSAL JUSTIFIED? MANY FISCAL EXPERTS
HOLD THE CONTRARY VIEW THAT MONETARY ACTIONS DURING
THE PAST TWENTY YEARS -- DESPITE FAULTS -- GENERALLY
OPERATED IN A STABILIZING DIRECTION.

EDITOR: INFLATION, AUTHOR GALBRAITH WISELY DECIDES, IS THE
(CONT'D) PRIMARY PROBLEM OF MODERN ECONOMIC SOCIETY. HE WARNS
THAT INFLATION AND HIGH UNEMPLOYMENT -- AS HAPPENED
IN THE GERMAN SITUATION IN THE 1920'S -- CAN UNDERMINE
DEMOCRACY. THESE ARE GOOD POINTS TO MAKE. IT IS ON
OTHER MATTERS THAT ECONOMIST GALBRAITH'S ASSERTIONS
ARE MORE LIKELY TO BE CHALLENGED.

FOR EXAMPLE, MISTER GALBRAITH, WHO HELD IMPORTANT
POSITIONS UNDER DEMOCRATIC PARTY PRESIDENTS, COMMENDS
THE SO-CALLED ACTIVIST "NEW ECONOMICS" OF THE KENNEDY-
JOHNSON YEARS. BUT HE HAS LITTLE PRAISE FOR THE MORE
MODERATE ECONOMIC POLICIES OF THE NIXON AND FORD
ADMINISTRATIONS.

MISTER GALBRAITH SEES SERIOUS FLAWS IN THE NEW ECONOMICS.
FAILURE TO DEAL EFFECTIVELY WITH THE GREAT MARKET POWER
OF BIG CORPORATIONS AND BIG LABOR UNIONS IS ONE. GOVERNMENT
SPENDING WHICH YIELDS BUDGETS DEFICITS, FINANCED BY
PRINTING MORE MONEY, IS ANOTHER. IN HIS WORDS:

VOICE: "THOSE WHO EXPRESS OR IMPLY A PREFERENCE BETWEEN INFLATION
AND DEPRESSION ARE MAKING A FOOL'S CHOICE. POLICY MUST
ALWAYS BE AGAINST WHICHEVER ONE HAS."

EDITOR: PROFESSOR GALBRAITH HAS WRITTEN A HIGHLY READABLE
BOOK ON MONEY. UNLIKE SOME ECONOMISTS, HE WRITES
GRACEFUL, IRONIC IF SOMEWHAT OPINIONATED PROSE. HIS
LATEST WORK IS WORTH READING AND CONSULTING, EVEN IF
HIS PRINCIPAL POLICY RECOMMENDATIONS SUCH AS DIRECT

EDITOR: WAGE AND PRICE CONTROLS OF MAJOR INDUSTRIES WILL NOT
(CONT'D) GO DOWN WELL AT THE PRESENT TIME.

ANNCR: YOU HAVE BEEN LISTENING TO A REPORT ON MONEY: WHENCE
IT CAME, WHERE IT WENT BY JOHN KENNETH GALBRAITH,
ECONOMIST AND POLITICAL ACTIVIST. AND NOW, AN INVITATION
TO JOIN US NEXT WEEK AT THE SAME TIME WHEN THE VOICE OF
AMERICA BRINGS YOU ANOTHER REPORT ON A BOOK AMERICANS
ARE CHOOSING FROM THE BOOKSHELF. THIS IS -----.

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WJL/CAK